GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:5121
ANSWERED ON:26.04.2002
INDUSTRIAL PRODUCTION GROWTH
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the sector-wise industrial production targets fixed by the Government during each of the last three years;

(b) the actual industrial production rate achieved by each sector during the above period upto March 31,2002,year-wise;

(c) whether industrial production rate for the year 2001-2002 has been further slashed in the months of January-March, 2002;

(d) if so, the reasons therefor in comparison to corresponding period of last year;

(e) whether the industrial production rate for 2001-2002 has thrown the aim of the Government of achieving the target of industrial growth rate during the Ninth Five Year Plan;

(f) if so, the factors responsible for that and the sectors which have registered negative growth and upto what extent; and

g) the specific steps proposed by the Government to achieve the fixed industrial growth target during Tenth Five Year Plan?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN SINGH)

(a) and (b): The Planning Commission had set an annual target of 8.2 per cent for the industrial sector during the Ninth Plan period. Sector-wise targets are, however, not set by the Planning Commission. As against this target, following growth rates have been achieved in the industrial production during last three years:

Year	Growth rate (%)
1998-99	4.1
1999-00	6.7
2000-01	5.0
2001-02	2.6+

+ April-February

(c) and (d): The growth rate in industrial production during January and February 2002 has been 3.9 per cent and 2.3 per cent, respectively, as against 4.5 per cent and 3.0 per cent, respectively , achieved during the corresponding months of the last year. Lack of aggregate demand has been identified as the primary reason for the slowdown in industrial production, besides other structural and cyclical factors and the global economic slowdown.

(e) and (f): The industrial growth during the Ninth Plan period (1997-2002) has been less than the targeted annual growth rate of 8.2 per cent set by the Planning Commission. The capital goods sector has registered a negative growth rate of 4.2 per cent during April-February 2001-02, as compared to 2.6 per cent growth achieved during April-February 2000-01. Cyclical factors have impacted industrial output by accentuating demand-supply imbalances, while structural factors have inhibited the growth of capacity creation /expansion in industry, and eroded competitiveness.

(g): The approach paper to the Tenth Plan mentions that the industrial sector will have to grow at over 10% to achieve the Tenth Plan target of 8% annual growth for GDP. To achieve this growth target, it lays emphasis on extending the process of industrial liberalization, which has been extensively implemented at the Central level, to State level also. It also lays emphasis on creating an industrial policy environment in which private sector companies, including erstwhile public sector companies, can become efficient

and competitive.